

**REMARKS FOR JOHN BONFADINI
AT HEARING OF CONG. SCHAEFER'S
SUBCOMMITTEE ON ELECTRIC
UTILITY RESTRUCTURING--
FRIDAY, APRIL 18, 1997,
RICHMOND, VIRGINIA**

**MY NAME IS JOHN BONFADINI, AND I'M A MEMBER OF THE
BOARD OF DIRECTORS OF NORTHERN VIRGINIA ELECTRIC
COOPERATIVE BASED IN MANASSAS, VIRGINIA. AS YOU
PROBABLY KNOW, ELECTRIC COOPERATIVE BOARD MEMBERS
ARE ALSO CUSTOMERS OF THE UTILITY, ELECTED BY THEIR
FELLOW CUSTOMERS TO OVERSEE THE UTILITY AND SET
POLICY. SO WHEN I TALK ABOUT ELECTRIC UTILITY
RESTRUCTURING, I'M DOING SO AS A PERSON ON THE FRONT
LINES OF COMPETITION, AS A CONSUMER WHO LIVES IN THE
SUBURBS OF WASHINGTON, AND AS A POLICY-MAKER FOR ONE
OF THE LARGEST COOPERATIVE UTILITIES IN THE UNITED
STATES.**

**I ALSO COME TO THE SUBJECT FROM ANOTHER ANGLE: THAT OF
AN EDUCATOR FOR MORE THAN THREE DECADES. I'VE TAUGHT**

AT THE HIGH SCHOOL LEVEL, AND FOR THE LAST TWO DECADES I'VE TAUGHT AS A PROFESSOR OF EDUCATION AT GEORGE MASON UNIVERSITY IN NORTHERN VIRGINIA.

DAVID LETTERMAN MAY HAVE HIS TOP TEN LIST EVERY NIGHT, BUT I'VE GOT HIM BEAT BY THREE: THE POSITION THAT ELECTRIC COOPERATIVES IN OUR REGION HOLD ON RESTRUCTURING CAN BE STATED IN A TOP SEVEN LIST.

FIRST, ELECTRIC COOPERATIVES BELIEVE THAT ALL CONSUMERS SHOULD HAVE ACCESS TO SAFE, RELIABLE ELECTRIC SERVICE AT A REASONABLE COST. THIS HAS ALWAYS BEEN OUR MISSION AS COOPERATIVES. I BELIEVE THAT AS WE ENTER RETAIL COMPETITION, WE NEED TO ALWAYS ASK OURSELVES THIS QUESTION, "HOW WELL ARE WE SERVING THE CONSUMER AT THE END OF THE LINE?" IF THE ANSWER IS

POORLY, OR WORSE, NOT AT ALL, THEN COMPETITION WILL HAVE MADE THE NATION POORER, NOT RICHER.

SECOND, ALL CLASSES OF CONSUMERS SHOULD BE TREATED EQUALLY, NOT JUST THOSE WITH SPECIAL INTERESTS AND INFLUENCE. RETAIL COMPETITION SHOULD NOT FAVOR THE LARGE CUSTOMERS AT THE EXPENSE OF, OR TO THE EXCLUSION OF, SMALL BUSINESS, RESIDENTIAL AND FARM CONSUMERS. AS ELECTRIC COOPERATIVES, WE'LL WORK TO FIERCELY PROTECT THE INTERESTS OF THE SMALL ACCOUNTS--AFTER ALL, ALMOST 95 PERCENT OF OUR CONSUMERS ARE RESIDENCES OR SMALL BUSINESSES.

THIRD, ALL STRANDED COSTS MUST BE RECOVERED. PERIOD. AND STRANDED COSTS SHOULD BE BORNE BY THOSE WHO CHOOSE TO LEAVE THEIR CURRENT SUPPLIER, NOT BY THE REMAINING CONSUMERS. UTILITIES HAVE BEEN REQUIRED TO

BUILD AND BUY GENERATION TO MEET THE CURRENT AND EXPECTED NEEDS OF CUSTOMERS. UTILITIES MUST BE KEPT WHOLE AND RECOVER THEIR STRANDED COSTS. OTHERWISE, PROPER PLANNING IS PUNISHED, WHILE NEW, POSSIBLY FLY-BY-NIGHT MARKETERS WOULD BE REWARDED UNFAIRLY.

FOURTH, ALL ENERGY SUPPLIERS SHOULD BE SUBJECT TO THE SAME CERTIFICATION, ENVIRONMENTAL AND FINANCIAL STANDARDS. THE LAPEL STICKERS YOU SEE WORN BY ELECTRIC COOPERATIVE CUSTOMERS TODAY STATE: LOCAL POWER, LOCAL DECISIONS. THIS IS AN IMPORTANT POINT. CONGRESS SHOULD NOT USURP THE STATE'S ROLE IN DETERMINING THE FUTURE OF AN INDUSTRY SO VITALLY IMPORTANT TO EACH AND EVERY STATE'S ECONOMY AND ENVIRONMENT. TO DO SO WOULD BE INTRUSIVE FEDERALISM OF THE WORST SORT.

FIFTH, THE SAFETY AND RELIABILITY OF ELECTRIC SERVICE MUST BE PROTECTED. UTILITY PROVIDERS MUST NOT BE ALLOWED TO TAKE SHORTCUTS WITH SAFETY OR RELIABILITY IN ORDER TO GAIN A COMPETITIVE COST EDGE. THEREFORE, LEGISLATION NEEDS TO PROMOTE LONG-TERM PLANNING, NOT SHORT-TERM THINKING.

SIXTH, EXCLUSIVE DELIVERY SERVICE AREAS SHOULD BE MAINTAINED TO AVOID EXPENSIVE DUPLICATION OF FACILITIES AND EQUIPMENT. WE DON'T NEED BUT ONE SET OF LINES RUNNING DOWN ANY GIVEN STREET. AND CUSTOMERS SHOULD NOT BE PERMITTED TO BYPASS DISTRIBUTION SYSTEMS BY BUILDING THEIR OWN PRIVATE, UNREGULATED FACILITIES TO HOOK UP DIRECTLY WITH THE TRANSMISSION GRID.

AND SEVENTH, ELECTRIC COOPERATIVES OPPOSE RETAIL WHEELING THAT IS DETRIMENTAL TO THE BEST INTERESTS OF

ELECTRIC COOPERATIVE CONSUMERS. ELECTRIC COOPERATIVES SERVE RURAL AREAS AND EMERGING SUBURBS, AND OUR CONSUMERS ARE OVERWHELMINGLY RESIDENCES, OR SMALL BUSINESSES. ANY RETAIL COMPETITION SCENARIO SHOULD BE STRUCTURED TO BENEFIT THE SMALL BEAUTY PARLOR AS WELL AS THE LARGE AUTO MANUFACTURER, THE HOUSING SUBDIVISION AS WELL AS THE HUGE MALL, THE SMALL FARMER AS WELL AS THE FOOD PROCESSING PLANT.

AS THINGS CURRENTLY STAND IN VIRGINIA, ALL TYPES OF ELECTRIC ACCOUNTS RECEIVE RELIABLE, AFFORDABLE SERVICE FROM INVESTOR-OWNED, MUNICIPAL AND COOPERATIVE UTILITY PROVIDERS. SINCE CHANGING THE STRUCTURE OF THE INDUSTRY SEEMS INEVITABLE, LET'S PLEASE MAKE CERTAIN THAT EVERYONE IS BETTER OFF FROM THE CHANGE.

ELECTRICITY IS THE LIFEBLOOD OF THIS NATION'S ECONOMY, AND IT IS ESPECIALLY IMPORTANT TO THE QUALITY OF LIFE OF

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**VIRGINIANS LIVING IN THE RURAL AREAS AND EMERGING
SUBURBS THAT OUR STATE'S COOPERATIVES SERVE.**

**THANK YOU VERY MUCH MR. CHAIRMAN, AND MEMBERS OF THE
SUBCOMMITTEE, FOR YOUR TIME AND ATTENTION.**